BRITISH COLUMBIA

BC STATS

Ministry of Management Services

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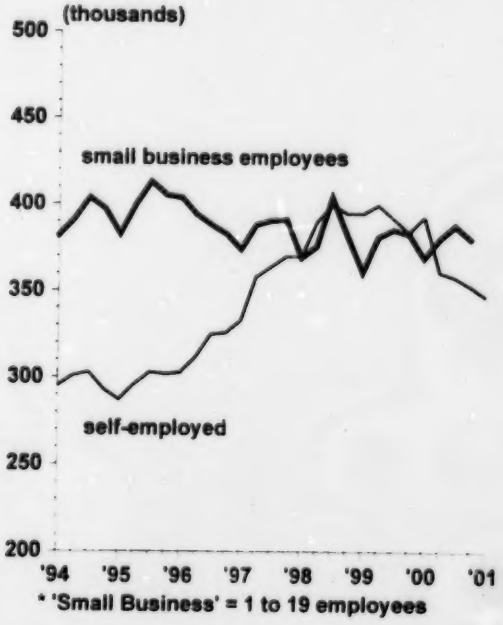
Small Business Quarterly ◆ First Quarter 2001

- The number of self-employed in British Columbia continued to fall in the first quarter of 2001, dropping 1.7% from the previous quarter. This was despite a 4.6% rise in the number of self-employed persons with employees of their own. Self-employed persons without paid help were responsible for the decline, dropping 4.5% from the previous quarter. Self-employed in this category have fallen almost 16% since the first quarter of 2000, which has resulted in a 12% drop in total self-employed over the same period.
- The number of small businesses in British Columbia (excluding self-employed persons) increased 0.8% from the first quarter of 2000. Micro-businesses (i.e., those employing less than 5 people) declined slightly (-0.5%), but all other size categories experienced small growth. Businesses with 5 to 9 employees were up 0.1% and the number of businesses with 10 to 19 employees rose 0.6%. The largest increase was in the 20 to 49 employee category with a 1.2% increase; however, most of the increase came in the second quarter of 2000 and the number of businesses with 20 to 49 employees has been dropping since.
- The number of new business incorporations was down almost 13% from the first quarter 2000 compared to the same quarter in 2001.
- The numbers of both business and consumer bankruptcies in the province were up substantially in the first quarter of 2001 compared to the fourth quarter of 2000. Business bankruptcies rose 17.2% and consumer bankruptcies were up 11%.
- The prime rate fell over 40 basis points from the fourth quarter 2000 to the first quarter 2001 and has since declined further. Despite the decline in the cost of borrowing, chartered bank business loans in British Columbia have continued to shrink, dropping 1.1% over the same period.

Employees in B.C. Small Businesses, * and Numbers of Self-Employed



* 'Small Business' = 1 to 19 employees

Small Business On-Line:
Internet Use Among SMEs

The Internet has come a long way from its origins as a mainly research-oriented system to its current configuration incorporating the World Wide Web (WWW). Global use of the Internet has exploded over the last several years and Canadians are one of the largest groups of users.

Who is using the Internet, and for what?

In 2000, 52.8% of Canadians aged 15 and over claimed to have used the Internet within the last year.[1] In British Columbia, the percentage was even greater, with 61.2% claiming to have been on-line. That was the highest rate in the country. The only other province with over 60% of its population connected to the Internet was Alberta (60.3%).

Within British Columbia, there was a far better chance of finding someone who had used the Internet in an urban location (62.7%) compared to a rural area (53.3%). This was the case for Canada as a whole as well (55.0% urban, 44.9% rural). One reason for this is likely that many rural areas simply do not have the same access to the Internet compared to urban centres.

Users of the Internet in British Columbia were more likely to be young, educated males. In 2000, 65.7% of males in BC used the Internet compared to only 56.8% of BC females. Almost 92% of those aged 15 to 24 had used the Internet, with use declining with age and only 27.5% of people aged 55 and over having been on-line. Those with a university degree (81.9%) were far more likely to have used the Internet than those who had only a high school diploma (47.3%).

Electronic mail is the most popular use of the Internet, with 87.8% of users in British Columbia having used e-mail. Obtaining information about goods and services (76.2%) is the next most popular use. Only about a quarter of users in BC had ever used the Internet to purchase goods and services. Although this figure has been rising over the last few years, there still appears to be resistance to buying goods on-line. Some of the hesitance is likely related to security concerns, particularly regarding credit card transactions. Another factor may be the desire of many consumers to see the goods first hand before they buy them.

According to Statistics Canada's *Household Internet Use Survey*, 1.8 million Canadians shopped on the Internet from home in 1999, but a million of those people were only window shopping. This is consistent with the fact that over three-quarters of Internet users in BC used the Internet to obtain information about goods and services. Many people find the Internet to be a useful tool to comparison shop, but do not trust it enough to actually make a purchase on-line.

Of those that did make purchases, the most popular acquisitions were books (48%), software (36%), music (30%) and travel services (29%). For the most part, these items do not vary from seller to seller, so there is little risk of getting something the buyer did not expect. Buying clothing or big-ticket items such as electronic equipment or automobiles carries more of this type of risk and consequently these items are not purchased in substantial numbers over the Internet. One other possibility is that other consumer items that might be bought on-line are simply not available.

[1] Statistics Canada, *Overview: Access to and Use of Information Communication Technology, March 2001*, catalogue 56-505-XIE.

Small business is embracing the Internet

As more Canadians are going on-line, so too are many small and medium-sized enterprises (SMEs). Various studies of Internet use among SMEs in Canada have consistently shown strong growth in the last few years in the number of businesses going on-line. To be considered an e-business, a firm must have a web site, buy on-line, or sell on-line.

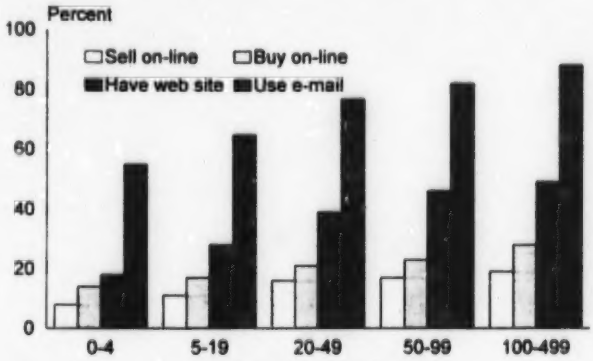
According to SES Research's *SES Web Entrepreneurship Survey*, 76% of SMEs in Canada were using the Internet by late 2000. The proportion that had bought or sold goods on-line was 40%. The value of sales was $590 million and the value of purchases was $720 million. The sales figure was more than double the amount from a year earlier ($240 million in fall of 1999). Purchases were also substantially higher than the 1999 figure ($430 million).

The Canadian Federation of Independent Businesses (CFIB) also reports strong growth in Internet use by SMEs.[2] The CFIB survey showed that 69% of business owners surveyed said they are actively using the Internet. Internet use increases with size as almost all business with more than 100 employees are on-line. More than 80% of businesses employing between 20 and 100 people, 71% of those with between 5 and 19 employees and almost 60% with less than 5 employees are connected to the Internet.

However, of the 69% of SMEs using the Internet, only about half can be considered e-businesses (i.e., they have a web site, or are buying or selling on-line). The other half are using the Internet only to browse or use e-mail.

E-mail use among SMEs is reasonably commonplace, ranging from 55% for businesses with fewer than 5 employees to 88% for businesses with between 100 and 499 employees. More SMEs are developing their own web sites, although even for those businesses with 100-499 employees, less than half have done so. The least common Internet application among SMEs is selling on-line, with less than 20% of small businesses in any size category participating.

Internet use increases with business size



Source: Canadian Federation of Independent Business

Part of the reason for slow movement toward on-line sales is likely hesitance on the part of consumers. About 50% of small businesses identified low consumer demand as a constraint to doing business on-line. Some businesses also had security concerns similar to that of consumers. This is clearly one hurdle that e-business must still overcome and although the development of new encryption software has erased the concern for some, there is still work to do to convince others that the Internet is a safe place to do business.

Internet use varies by business type

Not only is the size of the business a determinant of whether or not a firm will choose to sell on-line, but so too is the type of business. The business services industry is the leader in e-business, followed by the finance, insurance and real estate sector. In these sectors the product is mainly informa-

[2] CFIB, *E-business Update: Internet Use Among Small and Medium-sized Firms – CFIB Mid-year Survey Results*, August 2000.

tion and the Internet provides a fast, inexpensive method of distributing this information. Those businesses selling goods, rather than services, are slower to adopt the Internet as a marketing tool.

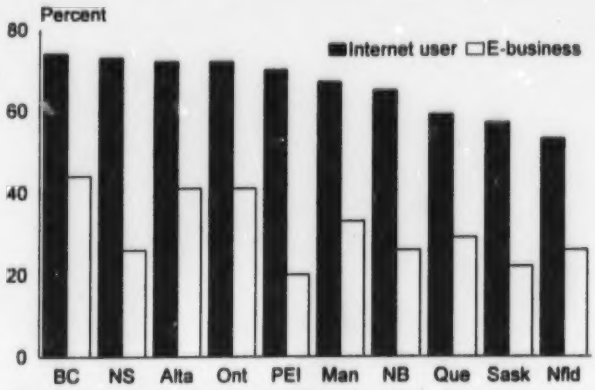
British Columbia the leader in e-business

British Columbia leads all other provinces in both Internet use among SMEs as well as e-businesses according to CFIB. Almost three-quarters of SMEs in BC are using the Internet, and 44% have a web site, or are buying or selling on-line. This may be a reflection of the fact that BC also leads the country in personal Internet use.

The future of e-business

According to Statistics Canada, Canadians are forsaking other activities in order to use the Internet. Approximately 15% of Canadian Internet users were spending less time reading books, newspapers and magazines, and 25% were watching less television. This has some important implications for advertisers and indicates that if businesses want to prosper, the Internet may be the place to do it.

BC leads the country in Internet use among SMEs



Source: Canadian Federation of Independent Business

A worldwide survey done by the Angus Reid Group in March 2000 suggests that Canada has embraced the Internet to almost the same extent as the United States. This means that Canadians have access to a growing consumer marketplace and Canadian firms must compete with their American counterparts. If Canadian businesses want to compete in the expanding global market, they will have to adapt to the new Internet technology.

102-03870/

Feature Articles Listed by Issue Number

00-4: *'Co-operatives Grew Steadily Throughout the 1990s'* (released May 2001)

00-3: *'Profile of Self-Employed in British Columbia'* (released Mar. 2001)

00-2: *'Latest Small Business Employment Numbers Show Three Year Changes'* (released Jan. 2001)

00-1: *'Some Distinctive Features of The Small Business Workplace'* (released Oct. 2000)

99-4: *'Transfers of Corporate Charters to Other Provinces Suggest Business Migration From British Columbia'* (released July 2000)

99-3: *'755 Thousand British Columbians Rely On Small Businesses For Jobs'* (released Mar 00)

99-2: *'A Quarter of All Employees In British Columbia Work For Small Employers'* (released Nov 99)

99-1: *'Self-Employment In British Columbia Takes On New Profile'* (released Sep 99)

98-4: *'Co-Operative Movement Grows Through the 1990s'* (released Apr 99)

98-3: *'The Long and the Short of Working Hours For Self-Employed'* (released Dec98)

98-2: *'People Trying Self-Employment As A Second Job'* (released Aug 98)

98-1: *'British Columbians Still Making Their Own Jobs'* (released May 98)

97-4: *'Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb'* (released Mar 98)

97-3: *'Co-operative Movement Grows Steadily In British Columbia'* (released Jan 98)

97-2: *'Doing Our Thing In Lotusland – The New Self-Employed In British Columbia'* (released Sep 97)

97-1: *'Immigrants Boost Self-Employment In British Columbia'* (released Aug 97)

96-3: *'Changes in Business Confidence Expressed In Numbers of New Incorporations'* (released Mar 97)

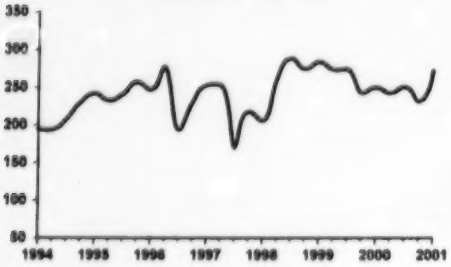
96-2: *'Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads'* (released Oct 96)

96-1: *'Counting the Business Community in British Columbia'* (released Jul 96)

Business Counts, Formations and Failures

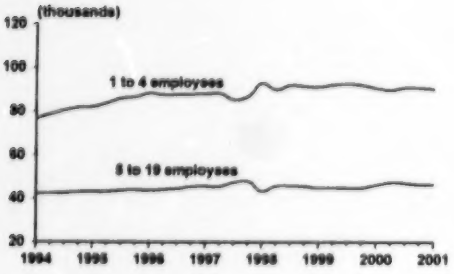
New Business Incorporations in British Columbia

Number of Business Bankruptcies in British Columbia



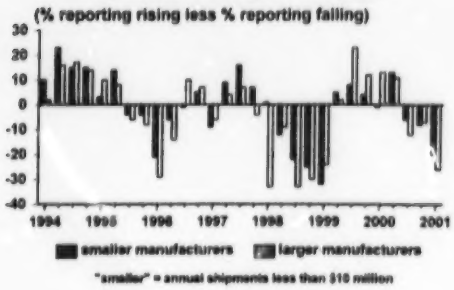
Self-Employed Persons

Small Businesses With Employees

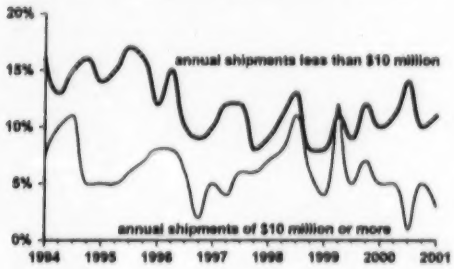


Business Conditions

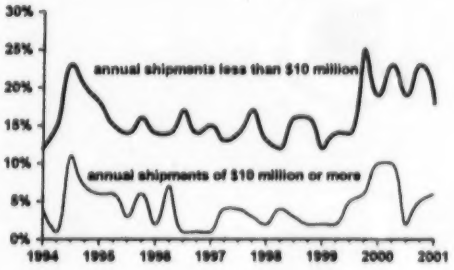
Balance of Opinion on New Orders Received at Start of Quarter



Per Cent of Manufacturers Experiencing Shortage of Working Capital



Per Cent of Manufacturers Experiencing Shortage of Skilled Labour



Chartered Bank Business Loans in British Columbia

SMALL BUSINESS QUARTERLY

TABLE 1

	Active Employer Businesses (1) by number of employees					Employment (2) by number of employees in business				Self-employed (3)		
	Total	1-4	5-9	10-19	20-49	Total	1-19	20-49	50+	Total *	paid help with	paid help without
	('000)					('000)				('000)		
Annual Averages												
1992	127.5	79.2	22.5	13.5	8.2	-	-	-	-	279	121	153
1993	131.5	75.3	24.7	16.6	10.2	1,303.8	394.1	137.4	772.3	301	135	160
1994	137.6	79.5	25.3	17.4	10.6	1,329.0	393.4	161.3	774.4	303	130	168
1995	143.7	84.7	26.0	17.6	10.7	1,377.7	400.1	171.0	806.6	302	127	170
1996	148.2	87.9	26.5	18.1	10.8	1,405.0	392.2	176.2	836.6	321	127	189
1997	150.9	87.4	27.2	18.9	11.2	1,437.4	385.0	184.0	868.4	359	129	223
1998	153.7	91.6	26.9	18.2	11.5	1,450.2	386.9	180.4	882.9	389	124	258
1999	154.6	92.0	26.8	18.2	11.9	1,457.4	377.9	179.5	900.0	393	133	255
2000	156.6	90.5	27.5	19.3	13.0	1,515.6	379.5	188.6	947.5	366	121	239
% change from:												
previous year	1.3%	-1.6%	2.9%	5.7%	8.7%	4.0%	0.4%	5.1%	5.3%	-6.7%	-8.7%	-6.1%
End of Quarter						**Quarterly Averages**						
1998 Q1	152.7	93.0	26.0	17.4	11.0	1,424.4	369.3	172.1	883.0	370	122	243
Q2	153.1	90.1	27.2	18.5	11.8	1,457.1	392.5	178.7	886.0	390	120	260
Q3	154.7	92.0	27.3	18.6	11.5	1,461.9	404.0	190.6	867.3	400	126	268
Q4	154.0	91.5	27.1	18.5	11.5	1,457.5	381.9	180.4	895.2	395	127	263
1999 Q1	153.5	91.2	26.8	18.2	11.7	1,425.8	361.1	174.3	890.4	395	126	265
Q2	154.6	92.2	26.8	18.2	11.8	1,461.5	381.3	181.5	898.7	400	132	263
Q3	155.2	92.6	26.7	18.2	12.1	1,463.5	385.7	186.2	891.6	392	140	246
Q4	154.9	92.0	26.8	18.2	12.2	1,478.6	383.3	176.0	919.3	384	132	245
2000 Q1	155.4	90.6	27.4	18.9	12.6	1,467.8	369.2	177.0	921.6	393	125	263
Q2	156.6	89.8	27.8	19.6	13.3	1,524.2	380.5	189.2	954.6	361	123	230
Q3	157.2	90.9	27.6	19.5	13.1	1,526.5	388.1	196.6	941.8	358	119	233
Q4	157.4	90.8	27.4	19.1	12.9	1,543.9	380.2	191.5	972.1	353	118	231
2001 Q1	156.6	90.1	27.4	19.0	12.8	N/A	N/A	N/A	N/A	347	123	221
% change from:												
previous Q	-0.5%	-0.7%	0.2%	-0.5%	-0.9%	1.1%	-2.0%	-2.6%	3.2%	-1.7%	4.6%	-4.5%
same Q last year	0.8%	-0.5%	0.1%	0.6%	1.2%	4.4%	-0.8%	8.8%	5.7%	-11.7%	-1.3%	-15.8%
Monthly												
Oct-99	1,491.6	387.8	179.2	924.6	385	135	244					
Nov-99	1,475.4	382.0	173.4	920.0	381	134	240					
Dec-99	1,468.9	379.9	175.6	913.4	385	127	253					
Jan-00	1,459.2	367.2	174.5	917.5	390	120	263					
Feb-00	1,460.0	368.4	176.7	914.9	396	125	267					
Mar-00	1,484.1	372.1	179.8	932.3	392	129	258					
Apr-00	1,507.1	375.8	185.8	945.5	371	126	239					
May-00	1,520.9	381.3	185.1	954.6	360	122	232					
Jun-00	1,544.6	384.4	196.6	963.6	351	121	220					
Jul-00	1,519.8	389.5	197.8	932.6	350	116	225					
Aug-00	1,514.4	388.5	196.0	929.6	362	122	232					
Sep-00	1,545.5	386.4	196.0	963.0	363	117	241					
Oct-00	1,552.3	383.9	193.7	974.8	355	121	230					
Nov-00	1,544.2	377.7	191.7	974.8	348	119	222					
Dec-00	1,535.0	379.1	189.2	966.8	358	113	242					
Jan-01	N/A	N/A	N/A	N/A	338	114	223					
Feb-01	N/A	N/A	N/A	N/A	347	128	214					
Mar-01	N/A	N/A	N/A	N/A	356	127	226					
% change from:												
previous month	-0.6%	0.4%	-1.3%	-0.8%	2.7%	-0.9%	5.4%					
same month last year	4.5%	-0.2%	7.8%	5.8%	-9.2%	-1.2%	-12.5%					

NOTES:
* Total self-employed includes persons working in family business without pay.

(1) Source: Business Register
(2) Source: Survey of Employment, Payroll and Hours
(3) Source: Labour Force Survey

Note: Employment data from SEPH for 2001 is not yet available. Statistics Canada is in the process of converting this data to NAICS and data by business size will not be available until November.

Source: Statistics Canada:
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SMALL BUSINESS QUARTERLY

TABLE 2

	Business Formation Indicators			Bankruptcies	
	New BC Business Incorporations	Registrations Extraprovincial Companies	Registrations Unincorporated Businesses	Business	Consumer
	(number)			(number)	
Annual Totals					
1994	25,774	1,915	18,293	827	4,197
1995	23,846	1,966	19,279	973	4,747
1996	22,848	2,061	20,367	948	6,436
1997	22,958	2,188	19,863	895	7,366
1998	20,759	2,233	19,507	1,031	7,327
1999	21,009	2,366	20,917	1,075	8,179
2000	21,515	2,528	20,822	976	9,181
% change from:					
previous year	2.4%	6.8%	-0.5%	-9.2%	12.3%
Quarterly Totals					
1999 Q1	5,188	578	5,015	284	2,024
Q2	5,362	637	5,612	274	2,138
Q3	5,322	556	5,093	274	1,919
Q4	5,137	595	5,197	243	2,098
2000 Q1	6,011	651	5,626	250	2,354
Q2	5,471	680	5,590	243	2,350
Q3	5,044	578	5,026	251	2,216
Q4	4,989	619	4,580	232	2,261
2001 Q1	5,236	714	5,400	272	2,503
% change from:					
previous Q	5.0%	15.3%	17.9%	17.2%	10.7%
same Q last year	-12.9%	9.7%	-4.0%	8.8%	6.3%
Monthly					
Jan-00	1,859	193	1,497	69	729
Feb-00	1,921	217	1,399	72	775
Mar-00	2,231	241	2,730	109	850
Apr-00	1,513	204	1,386	70	689
May-00	2,078	258	2,273	100	779
Jun-00	1,880	218	1,931	73	882
Jul-00	1,582	188	1,575	89	733
Aug-00	1,787	193	1,527	89	771
Sep-00	1,675	197	1,924	73	712
Oct-00	1,709	234	1,755	85	858
Nov-00	1,682	219	1,444	93	822
Dec-00	1,598	166	1,381	54	581
Jan-01	1,595	221	1,426	93	773
Feb-01	1,466	225	1,952	86	818
Mar-01	2,175	268	2,022	93	912
% change from:					
previous month	48.4%	19.1%	3.6%	8.1%	11.5%
same month last year	-2.5%	11.2%	-25.9%	-14.7%	7.3%

Sources: BC Ministry of Finance and Corporate Relations, Industry Canada.

SMALL BUSINESS QUARTERLY

TABLE 3

	Interest Rates			Exchange Rate	Consumer Price Index		
	Bank Rate	Prime Rate	Conventional 5 Year Mortgage	Canadian $ Average Noon Spot Rate	B.C.	Vancouver	Victoria
		(per cent)		(U.S.¢)		1992=100	
Annual Averages							
1995	8.42	9.52	11.06	74.38	80.3	80.3	80.4
1996	9.09	10.29	11.54	79.56	83.2	83.1	83.5
1997	3.52	4.96	7.07	72.24	109.7	109.8	109.7
1998	5.10	6.60	6.93	67.48	110.0	110.4	110.0
1999	4.92	6.44	7.56	67.32	111.2	111.4	111.1
2000	5.77	7.27	8.35	67.34	113.3	113.9	113.0
difference from:							
previous year	0.85	0.83	0.79	N/A		N/A	
% change from:							
previous year		N/A		0.0%	1.8%	2.2%	1.7%
Quarterly Averages							
1999 Q1	5.17	6.75	6.92	66.17	110.1	110.3	110.0
Q2	4.83	6.33	7.32	67.90	111.2	111.4	111.1
Q3	4.75	6.25	7.75	67.30	112.0	112.1	111.9
Q4	4.92	6.42	8.25	67.90	111.8	111.8	111.5
2000 Q1	5.25	6.75	8.48	68.80	111.7	112.1	111.5
Q2	5.83	7.33	8.52	67.56	112.8	113.3	112.7
Q3	6.00	7.50	8.25	67.47	114.2	115.0	113.7
Q4	6.00	7.50	8.15	65.55	114.4	115.1	114.0
2001 Q1	5.58	7.08	7.58	65.47	113.5	114.4	112.5
difference from:							
previous Q	-0.42	-0.42	-0.57	N/A		N/A	
same Q last year	0.33	0.33	-0.90				
% change from:							
previous Q		N/A		-0.1%	-0.8%	-0.6%	-1.3%
same Q last year				-4.8%	1.6%	2.1%	0.9%
Monthly							
Jan-00	5.00	6.50	8.55	69.02	111.3	111.6	111.1
Feb-00	5.25	6.75	8.55	68.91	111.4	111.8	111.3
Mar-00	5.50	7.00	8.35	68.47	112.3	112.8	112.2
Apr-00	5.50	7.00	8.35	68.10	112.4	112.9	112.3
May-00	6.00	7.50	8.75	66.87	112.8	113.3	112.7
Jun-00	6.00	7.50	8.45	67.71	113.2	113.8	113.1
Jul-00	6.00	7.50	8.25	67.67	114.2	114.9	113.7
Aug-00	6.00	7.50	8.25	67.46	114.1	114.9	113.6
Sep-00	6.00	7.50	8.25	67.29	114.3	115.1	113.9
Oct-00	6.00	7.50	8.25	66.12	114.5	115.1	114.0
Nov-00	6.00	7.50	8.25	64.84	114.5	115.2	114.1
Dec-00	6.00	7.50	7.95	65.68	114.3	115.0	113.9
Jan-01	5.75	7.25	7.75	66.53	114.5	115.3	113.8
Feb-01	5.75	7.25	7.75	65.71	112.6	113.9	111.3
Mar-01	5.25	6.75	7.25	64.16	113.3	114.0	112.4
difference from:							
previous month	-0.50	-0.50	-0.50	N/A		N/A	
same month last year	-0.25	-0.25	-1.10				
% change from:							
previous month		N/A		-2.4%	0.6%	0.1%	1.0%
same month last year				-6.3%	0.9%	1.1%	0.2%

Sources: Bank of Canada, Statistics Canada.

SMALL BUSINESS QUARTERLY

TABLE 4

	Commercial Building Permits			Industrial Building Permits			Urban Housing Starts	
	B.C.	Vancouver	Victoria	B.C.	Vancouver	Victoria	B.C	Vancouver
		($,000)			($,000)			
Annual Totals								
1993	557,405	404,840	39,316	161,713	91,859	14,166	38,173	21,307
1994	577,818	410,694	55,906	109,107	58,125	13,542	34,619	20,473
1995	1,026,994	595,457	57,744	249,688	108,665	10,626	23,604	14,992
1996	1,225,837	675,541	88,661	252,646	151,875	5,499	24,744	15,453
1997	1,358,450	849,207	78,280	285,814	163,773	6,777	25,210	15,950
1998	1,311,124	810,117	76,173	273,279	160,652	15,858	17,631	11,878
1999	1,142,105	652,159	101,453	319,145	172,604	5,931	14,176	8,677
2000	1,297,270	868,865	76,834	295,525	147,574	14,763	12,353	8,203
% change from:								
previous year	13.6%	33.2%	-24.3%	-7.4%	-14.5%	148.9%	-12.9%	-5.5%
Quarterly Totals								
1998 Q1	242,540	170,981	12,321	66,397	47,375	6,817	4,067	2,880
Q2	345,884	189,811	36,755	57,163	27,264	4,232	4,957	3,318
Q3	416,912	261,252	13,048	97,057	60,509	1,566	5,291	3,489
Q4	305,788	188,073	14,049	52,662	25,504	3,243	3,316	2,191
1999 Q1	226,757	135,329	25,624	41,266	17,534	3,190	2,709	1,951
Q2	311,707	170,971	19,066	103,901	71,354	789	3,507	1,861
Q3	311,474	193,701	21,393	109,850	62,438	479	4,148	2,497
Q4	292,167	152,158	35,370	64,128	21,278	1,473	3,812	2,368
2000 Q1	310,172	243,234	10,966	60,084	20,194	1,258	2,219	1,527
Q2	363,163	205,899	30,805	83,816	44,182	6,223	3,559	2,468
Q3	336,460	218,441	17,911	78,563	41,930	364	3,310	1,989
Q4	287,475	201,291	17,152	73,062	41,268	6,918	3,265	2,219
2001 Q1	273,963	162,249	23,467	65,088	30,677	9,500	2,946	2,149
% change from:								
previous Q	-4.7%	-19.4%	36.8%	-10.9%	-25.7%	37.3%	-9.8%	-3.2%
same Q last year	-11.7%	-33.3%	114.0%	8.3%	51.9%	655.2%	32.8%	40.7%
Monthly								
Jan-00	173,965	153,746	4,586	24,730	9,418	526	525	330
Feb-00	46,093	26,196	3,035	22,578	7,287	226	992	752
Mar-00	90,114	63,292	3,345	12,776	3,489	506	702	445
Apr-00	116,772	56,965	13,559	17,761	7,955	385	1,193	856
May-00	119,429	64,015	11,797	26,484	9,156	5,679	1,264	965
Jun-00	126,962	84,919	5,449	39,571	27,071	159	1,102	647
Jul-00	99,500	68,368	6,626	28,394	16,362	176	1,125	608
Aug-00	109,883	55,251	9,706	26,204	15,057	93	867	555
Sep-00	127,077	94,822	1,579	23,965	10,511	95	1,318	826
Oct-00	115,218	74,941	3,745	20,814	8,547	665	1,549	1,167
Nov-00	63,168	36,957	10,052	24,084	13,160	779	877	522
Dec-00	109,089	89,393	3,355	28,164	19,561	5,474	839	530
Jan-01	55,901	37,370	4,878	13,334	6,813	1,350	1,191	1,013
Feb-01	113,790	66,435	6,391	17,744	7,317	1,663	949	611
Mar-01	104,272	58,444	12,198	34,010	16,547	6,487	806	525
% change from:								
previous month	-8.4%	-12.0%	90.9%	91.7%	126.1%	290.1%	-15.1%	-14.1%
same month last year	15.7%	-7.7%	264.7%	166.2%	374.3%	1182.0%	14.8%	18.0%

Sources: Canada Mortgage and Housing, Statistics Canada.

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SMALL BUSINESS QUARTERLY

TABLE 5

	Chartered Bank Business Loans in British Columbia			
	Less than $200,000	$200,000 to $500,000	Greater than $500,000	Total
	($,000,000)			
Annual Averages				
1992	2,222	698	6,545	9,464
1993	1,858	688	5,615	8,160
1994	1,802	658	4,732	7,191
1995	1,791	1,451	9,043	12,284
1996	1,861	1,508	9,162	12,530
1997	1,985	1,724	10,081	13,790
1998	2,172	1,825	11,077	15,074
1999	2,084	1,710	10,807	14,601
2000	2,045	1,605	10,575	14,224
% change from:				
previous year	-1.9%	-6.2%	-2.1%	-2.6%
Quarterly				
1994 Q1	1,729	1,106	8,518	11,353
Q2	1,803	1,183	8,444	11,430
Q3	1,704	1,298	8,938	11,940
Q4	1,878	1,301	8,303	11,482
1995 Q1	1,694	1,413	9,268	12,375
Q2	1,779	1,457	9,047	12,283
Q3	1,832	1,462	9,020	12,314
Q4	1,859	1,471	8,835	12,165
1996 Q1	1,860	1,487	8,988	12,335
Q2	1,893	1,512	9,094	12,499
Q3	1,864	1,501	9,252	12,617
Q4	1,825	1,533	9,312	12,670
1997 Q1	1,686	1,534	9,853	13,073
Q2	2,068	1,751	9,751	13,570
Q3	2,088	1,770	10,337	14,195
Q4	2,098	1,841	10,384	14,323
1998 Q1	2,180	1,842	11,115	15,137
Q2	2,174	1,842	11,338	15,354
Q3	2,178	1,816	11,104	15,098
Q4	2,157	1,801	10,750	14,708
1999 Q1	2,128	1,792	10,908	14,828
Q2	2,108	1,735	10,975	14,818
Q3	2,080	1,686	10,876	14,642
Q4	2,020	1,627	10,467	14,114
2000 Q1	2,035	1,631	10,636	14,302
Q2	2,063	1,638	10,812	14,513
Q3	2,059	1,586	10,608	14,253
Q4	2,021	1,564	10,244	13,829
2001 Q1	1,942	1,561	10,171	13,674
% change from:				
previous Q	-3.9%	-0.2%	-0.7%	-1.1%
same Q last year	-4.6%	-4.3%	-4.4%	-4.4%

Source: Bank of Canada.

Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments Less Than $10 million

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in Jan., April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

	Balance of Opinion at the Beginning of Quarter * (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage	Unskilled Labour Shortage
		(index)			(%)	
Annual Averages						
1991	14	-23	-10	17	11	1
1992	12	-11	-6	14	10	1
1993	7	2	3	17	13	1
1994	9	16	13	15	18	1
1995	9	2	4	16	16	2
1996	4	-6	-2	12	15	1
1997	3	6	4	11	15	2
1998	7	-15	-9	10	14	1
1999	6	-4	7	10	16	1
2000	7	-1	5	11	21	2
Quarterly						
1996 Q1	3	-21	-21	12	14	2
Q2	10	-6	15	15	14	0
Q3	1	-1	6	10	17	1
Q4	1	5	-9	9	14	2
1997 Q1	0	-9	-10	10	15	2
Q2	0	9	25	12	13	1
Q3	8	16	13	12	14	1
Q4	4	7	-11	8	17	3
1998 Q1	6	1	-9	9	13	0
Q2	6	-12	18	11	12	1
Q3	9	-22	-15	13	16	0
Q4	8	-25	-29	8	16	3
1999 Q1	6	-32	-20	8	12	2
Q2	5	5	29	11	14	0
Q3	8	8	21	9	14	1
Q4	4	4	-3	12	25	2
2000 Q1	4	-1	-5	10	19	1
Q2	9	13	24	11	23	2
Q3	7	-6	7	14	19	2
Q4	6	-8	-5	10	23	4
2001 Q1	7	-20	-8	11	18	2

*** Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable.
For New Orders and Production, a positive balance of opinion is favourable.

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Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments of $10 million or More

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in Jan., April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

	Balance of Opinion at the Beginning of Quarter * (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage	Unskilled Labour Shortage
		(index)			(%)	
Annual Averages						
1991	41	-29	-9	15	6	0
1992	25	-10	-7	19	2	0
1993	30	2	3	10	3	0
1994	18	12	6	8	6	0
1995	17	1	-1	6	5	0
1996	30	-7	-7	6	3	0
1997	29	0	4	5	3	0
1998	37	-26	-7	8	3	0
1999	18	3	6	7	4	0
2000	20	1	3	4	7	2
Quarterly						
1996 Q1	37	-29	-12	8	2	0
Q2	33	-14	-3	8	7	0
Q3	29	10	-2	6	1	0
Q4	21	7	-10	2	1	0
1997 Q1	31	-6	-1	5	1	0
Q2	31	4	15	4	4	0
Q3	24	7	13	6	4	0
Q4	28	-4	-13	6	3	0
1998 Q1	42	-33	-22	7	2	0
Q2	34	-9	1	8	4	0
Q3	33	-33	-2	11	3	0
Q4	38	-30	-4	6	2	1
1999 Q1	25	-24	-4	4	2	0
Q2	22	2	8	12	2	0
Q3	14	23	18	5	5	0
Q4	11	12	0	7	6	0
2000 Q1	14	13	8	5	10	3
Q2	24	11	10	5	10	3
Q3	29	-12	2	1	2	0
Q4	11	-7	-8	5	5	0
2001 Q1	32	-26	-12	3	6	0

* **Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable.
For New Orders and Production, a positive balance of opinion is favourable.

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2ND QUARTER

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BRITISH COLUMBIA

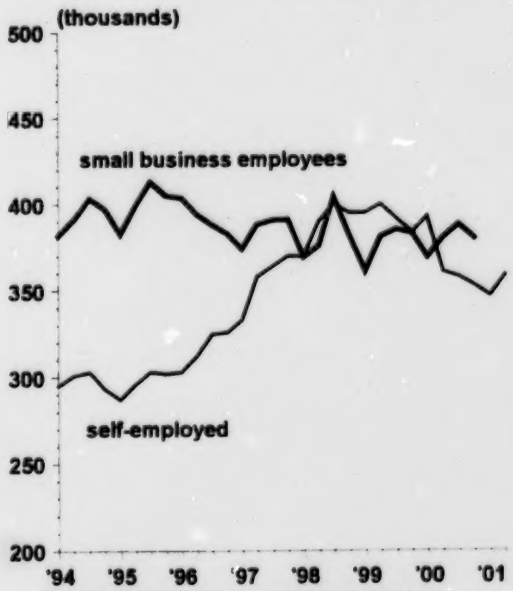
BC STATS
Ministry of Management Services

Contact: Dan Schrier
Tel: (250) 387-0376
Release: November 2001
Issue: 01-2

Small Business Quarterly ◆ Second Quarter 2001

- The number of self-employed in British Columbia rose 3.5% from the first to the second quarter of 2001, almost regaining all the ground lost over the last year. This was despite a 2.1% drop in the number of self-employed persons with employees of their own. The number of self-employed persons without paid help jumped 6.0% from the previous quarter to its highest level since the first quarter of 2000.
- The number of small businesses in British Columbia (excluding self-employed persons) was unchanged in the second quarter compared to the same period in 2000. Micro-businesses (i.e., those employing less than 5 people) increased 1.5%, but all other size categories experienced some decline. Businesses with 5 to 9 employees fell 1.7% and the number of businesses with 10 to 19 employees dropped 5.6%. The largest decline was in the 20 to 49 employee category, which fell 6.1%.
- New business incorporations were down almost 9% in the second quarter 2001 compared to the same quarter in 2000 continuing a yearlong trend.
- Both business and consumer bankruptcies in the province fell slightly from the first to second quarter of 2001, but both are still much higher than the same period a year earlier. Business bankruptcies were down 0.7% and consumer bankruptcies fell 0.8%, but were respectively 11.7% and 5.7% higher compared to the second quarter of 2000.
- The prime rate dropped an entire point between the second quarter of 2000 and the same period in 2001. It fell 75 basis points from the first quarter to the second quarter 2001 and has since declined further. Despite the lower cost of borrowing, chartered bank business loans in British Columbia have continued to shrink, dropping 10.6% over the last year.

Employees in B.C. Small Businesses, * and Numbers of Self-Employed



* 'Small Business' = 1 to 19 employees

The Benefits and Costs of a Higher Minimum Wage

The recent changes to the British Columbia minimum wage have rekindled the debate regarding its effects and effectiveness. As of November 1, 2001, the BC minimum wage was raised from $7.60 an hour to $8.00 an hour. In addition, a "first-job" wage rate of $6.00 an hour was established effective November 15.

Supporters of minimum wage policy suggest that not only does it ensure fair pay, but it also helps redistribute wealth to the poorest in society. Also, increases to the minimum wage can create incentives to enter the labour force.

Critics of minimum wage policy suggest that the minimum wage is a poor method of redistributing income and it also tends to hurt the very people it is intended to help. They suggest that hikes in the minimum wage inevitably lead to reductions in employment as the increased cost to business forces employers to either reduce the number of employees or at least cut the number of hours per employee. Another argument against raising the minimum wage is that, in British Columbia, it is already the highest in Canada, and higher than that of other nearby competitors. It is also suggested that most of the beneficiaries of increased minimum wages do not reside in low-income households. Rather, they are young people living with their parents, or second-earners in a dual-income family.

There are numerous studies that examine the effect of minimum wage increases on businesses and employment, but many of these studies have contradictory findings. In reality, the effects of minimum wage increases depend on a large number of variables, which means that the findings of any one study may not be applicable to a particular place or a particular time.

Employment Impacts

According to an OECD report based on a 1998 study of minimum wage changes in nine countries,

> a 10% increase in the minimum wage is associated with a 1½—3% decline in teenage employment...The evidence also shows that hikes in the minimum, on their own, can explain only a small fraction of the large falls in teenage employment rates observed over the past two decades in almost all countries. The cross-country evidence suggests that the minimum wage has no significant impact on overall employment.[1]

This suggests that employment impacts depend on a variety of circumstances and it is misleading to suggest that a raise in the minimum wage will necessarily lead to widespread job loss.

The impact on youth employment may be due to businesses being able to attract more experienced workers at the higher wages, leaving less-experienced younger workers with fewer opportunities. Another possibility is that employers may find ways to do without some of the younger, less-skilled employees, either by substituting capital or increasing the workload of other employees.

It has been argued that a lower training wage, like BC's new first-job wage rate, may be one way to help alleviate youth unemployment. The rate applies to the first 500 hours worked in any job. Once a person has recorded 500 hours of employment, any further work they do, for either their current employer or a future employer, must be paid at least at the regular minimum wage.

[1] "Towards an Employment-centred Social Policy," *The OECD Observer No. 213* (August/September 1998).

Proponents of this wage rate, like the BC Restaurant and Foodservices Association and the Retail Merchants' Association of BC, say that this lower training wage will encourage the hiring of teens and enable young people with no experience to get work.

Those against the new first-job rate, including various labour groups such as the BC Federation of Labour, suggest that the new wage rate is open to abuse. They point out that there is nothing to prevent an employer from terminating an employee once they reach 500 hours and hiring someone else at the lower rate. They also suggest that some people may choose to take the lower rate even though they have worked over 500 hours rather than risk losing their job.

A differential minimum wage for younger, unskilled employees is also in place in Ontario, Nova Scotia and the territories.

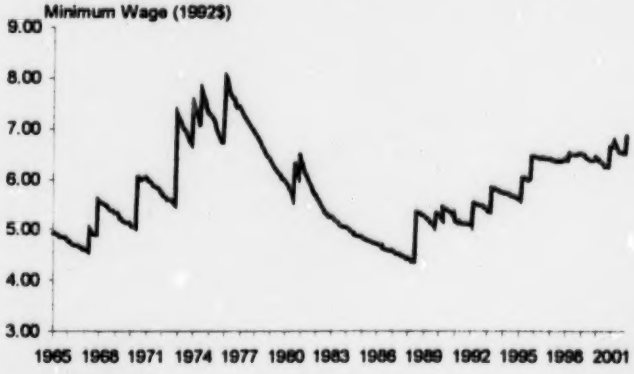
Comparison with other jurisdictions

British Columbia's minimum wage was already the highest in the country before the recent increase to $8 an hour, but it is not necessarily higher than rates in the United States. With a simple exchange rate comparison, the United States' federal minimum wage of $US 5.15 an hour is close to $8 as well (using a Canadian dollar worth in the range of $0.62-$0.65 US dollars). In fact, in neighbouring Washington State, the minimum wage is $US 6.72 or about $10.35 in Canadian dollars (at an exchange rate of $0.65). There is a proposal to raise the federal minimum wage in the United States to $6.65 by 2003. This is well over $10 an hour in Canadian currency at current exchange rates.

However, exchange rate comparisons ignore the differences in the cost of living between jurisdictions. A better method for comparing wages in different currencies is to examine their purchasing power parity (PPP). PPPs are rates of currency conversion that eliminate the differences in price levels between countries. Based on comparative price levels developed using a July 2001 PPP, the $8 BC minimum wage is well above the federal US minimum wage (approximately $6.44 after adjustment), but is still below that of Washington ($8.40), Oregon ($8.13) and California ($8.44), as well as some other states. A concept similar to PPP is not readily available to compare provincial price levels, but based on Statistics Canada studies of retail price differentials, the minimum wage gap is likely somewhat narrower than it appears, although the BC wage would still be the highest in the country.

A look at the minimum wage over time adjusted for inflation using the Consumer Price Index shows that even at $8 an hour, the minimum wage is still significantly below its peak in the mid-seventies. This means that the increased labour cost to businesses paying minimum wage has been less than the overall rate of inflation over the last 25 years.

Inflation has eroded minimum wage



Although the evidence does not support complaints that minimum wage hikes create serious disemployment effects and arguments about competitive disadvantages are less clear-cut than they appear, there is still the question of whether or not the minimum wage is a good tool for income redistribution.

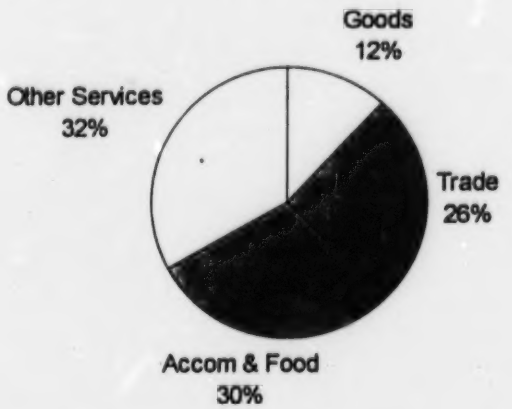
Profile of minimum wage earners

Detractors of minimum wages argue that raising the minimum wage will not help the poor because most minimum wage earners are middle-class teenagers living at home or secondary earners in dual-income families. The profile of the minimum wage earner may support this view, although the numbers would have to be examined in more detail to come to a definitive conclusion.

Based on Statistics Canada data, in 2000, 61% of minimum wage earners in British Columbia were adults (i.e., over 19) and almost 45% were over 25. Approximately two thirds of all minimum wage earners were in dual earner families, and about 14% were single earners with one or more children under 18 years old.

Although there is little data available to examine minimum wage earners by business size, a majority of the businesses in the industries in which minimum wage jobs are most prevalent are classified as small businesses. The large majority of minimum wage jobs are in the service sector (88%), particularly in accommodation and food (30%) and retail and wholesale trade (25%). It is no surprise then, that the restaurant industry is one of the most vocal opponents of minimum wage increases, particularly since many of their employees receive tips to supplement their wages and therefore are actually making more than the minimum wage. One approach to alleviate this concern that has already been implemented in Quebec and Ontario is to have a lower minimum wage for those people who regularly earn tips to supplement their income.

Most minimum wage jobs are in the accommodation & food or trade sectors



Alternative redistribution methods

The clear beneficiaries of minimum wage hikes are those workers earning minimum wage, but the main criticism is that many of these workers are in households with incomes above the median, while those households with no workers do not benefit at all. While higher minimum wages may achieve the goal of ensuring fair pay, they may also fail at the second goal of redistributing income.

The BC Chamber of Commerce suggests that an alternative to raising the minimum wage is to offer more tax credits to lower-income families. The usual criticism of this kind of strategy is that these families do not pay much tax, if any, to begin with. Another problem with offering tax credits in lieu of better wages is that it operates as a subsidy to businesses that pay lower wages, possibly at the expense of those businesses willing to pay higher wages.

The OECD suggests that policies on minimum wages and tax/benefit systems should not be considered separately, but rather as complementary parts of an overall system designed to redistribute income. An example of this would be to combine a minimum wage increase with a payroll tax deduction. This would have the effect of not only

boosting the earnings of low-income workers, but also allowing them to keep more of that income instead of putting it toward payroll taxes. Also, it would offset the cost of the salary increase for businesses since they would no longer have to pay as much in payroll taxes.

Of course, such a policy would have to be implemented carefully. Too much of a wage increase could not only lead to a reduction in employment for some portions of the labour force, but could also cause a significant rise in inflation. Too much of a decline in payroll taxes could leave the programs they are supporting (such as the Employment Insurance program) vulnerable to downturns in the economy.

Conclusion

The effects of changes to the minimum wage tend to be exaggerated by both detractors and supporters. There are many factors that must be considered in determining the effect of a minimum wage increase, including the size of the wage bump, the business cycle, the kind of tax and benefit systems in place, and the labour supply, just to name some.

This last item will become increasingly important over the next decade. Demographers agree that North America is facing a labour shortage in the coming years as the proportion of working-age population declines relative to that of retirement age. This could make the entire minimum wage debate moot, as employers will need to raise wages to attract scarce labour.

On its own, a minimum wage hike may not be the best method of redistributing income and may actually have some disemployment impacts on the younger members of the labour force. A policy that combines an increase to the minimum wage with a decline in payroll taxes could have benefits for both low-income people and small business.

Feature Articles Listed by Issue Number

01-1: *'Small Business On-Line: Internet Use Among SMEs'* (released Sept. 2001)

00-4: *'Co-operatives Grew Steadily Throughout the 1990s'* (released May 2001)

00-3: *'Profile of Self-Employed in British Columbia'* (released Mar. 2001)

00-2: *'Latest Small Business Employment Numbers Show Three Year Changes'* (released Jan. 2001)

00-1: *'Some Distinctive Features of The Small Business Workplace'* (released Oct. 2000)

99-4: *'Transfers of Corporate Charters to Other Provinces Suggest Business Migration From British Columbia'* (released July 2000)

99-3: *'755 Thousand British Columbians Rely On Small Businesses For Jobs'* (released Mar 00)

99-2: *'A Quarter of All Employees In British Columbia Work For Small Employers'* (released Nov 99)

99-1: *'Self-Employment In British Columbia Takes On New Profile'* (released Sep 99)

98-4: *'Co-Operative Movement Grows Through the 1990s'* (released Apr 99)

98-3: *'The Long and the Short of Working Hours For Self-Employed'* (released Dec98)

98-2: *'People Trying Self-Employment As A Second Job'* (released Aug 98)

98-1: *'British Columbians Still Making Their Own Jobs'* (released May 98)

97-4: *'Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb'* (released Mar 98)

97-3: *'Co-operative Movement Grows Steadily In British Columbia'* (released Jan 98)

97-2: *'Doing Our Thing In Lotusland – The New Self-Employed In British Columbia'* (released Sep 97)

97-1: *'Immigrants Boost Self-Employment In British Columbia'* (released Aug 97)

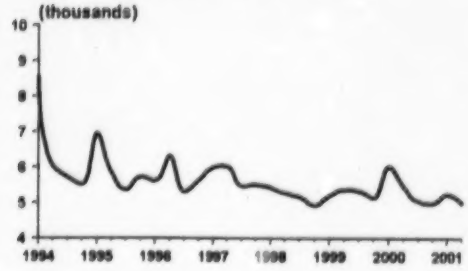
96-3: *'Changes in Business Confidence Expressed In Numbers of New Incorporations'* (released Mar 97)

96-2: *'Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads'* (released Oct 96)

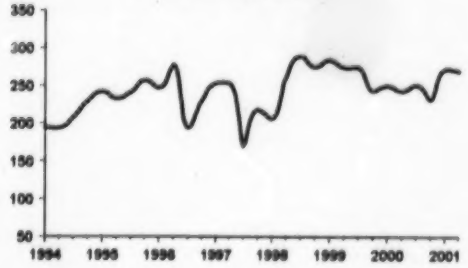
96-1: *'Counting the Business Community in British Columbia'* (released Jul 96)

Business Counts, Formations and Failures

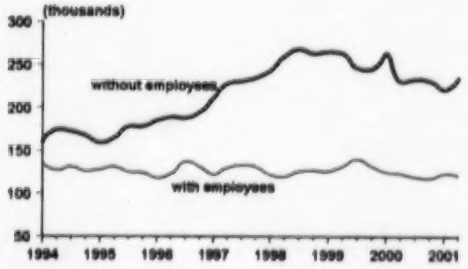
New Business Incorporations in British Columbia



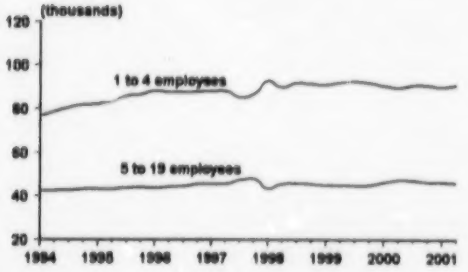
Number of Business Bankruptcies in British Columbia



Self-Employed Persons

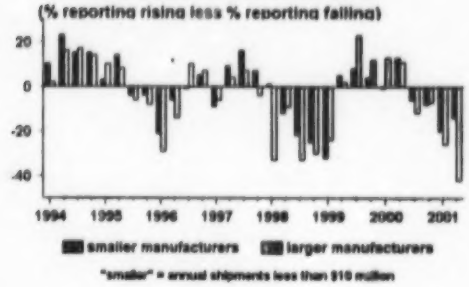


Small Businesses With Employees

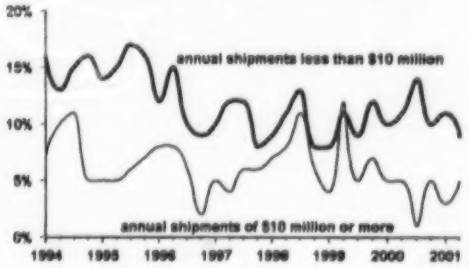


Business Conditions

Balance of Opinion on New Orders Received at Start of Quarter

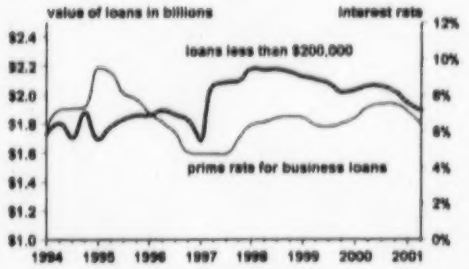


Per Cent of Manufacturers Experiencing Shortage of Working Capital



Per Cent of Manufacturers Experiencing Shortage of Skilled Labour

Chartered Bank Business Loans in British Columbia



SMALL BUSINESS QUARTERLY

TABLE 1

	Active Employer Businesses (1) by number of employees					Employment (2) by number of employees in business				Self-employed (3)		
	Total	1-4	5-9	10-19	20-49	Total	1-19	20-49	50+	Total *	paid help with	paid help without
	('000)					('000)				('000)		
Annual Averages												
1993	131.5	75.3	24.7	16.6	10.2	1,303.8	394.1	137.4	772.3	301	135	160
1994	137.6	79.5	25.3	17.4	10.6	1,329.0	393.4	161.3	774.4	303	130	168
1995	143.7	84.7	26.0	17.6	10.7	1,377.7	400.1	171.0	806.6	302	127	170
1996	148.2	87.9	26.5	18.1	10.8	1,405.0	392.2	176.2	836.6	321	127	189
1997	150.9	87.4	27.2	18.9	11.2	1,437.4	385.0	184.0	868.4	359	129	223
1998	153.7	91.6	26.9	18.2	11.5	1,450.2	386.9	180.4	882.9	389	124	258
1999	154.6	92.0	26.8	18.2	11.9	1,457.4	377.9	179.5	900.0	393	133	255
2000	156.6	90.5	27.5	19.3	13.0	1,515.6	379.5	188.6	947.5	366	121	239
% change from:												
previous year	**1.3%**	**-1.6%**	**2.9%**	**5.7%**	**8.7%**	**4.0%**	**0.4%**	**5.1%**	**5.3%**	**-6.7%**	**-8.7%**	**-6.1%**
	End of Quarter					**Quarterly Averages**						
1998 Q1	152.7	93.0	26.0	17.4	11.0	1,424.4	369.3	172.1	883.0	370	122	243
Q2	153.1	90.1	27.2	18.5	11.8	1,457.1	392.5	178.7	886.0	390	120	260
Q3	154.7	92.0	27.3	18.6	11.5	1,461.9	404.0	190.6	867.3	400	126	268
Q4	154.0	91.5	27.1	18.5	11.5	1,457.5	381.9	180.4	895.2	395	127	263
1999 Q1	153.5	91.2	26.8	18.2	11.7	1,425.8	361.1	174.3	890.4	395	126	265
Q2	154.6	92.2	26.8	18.2	11.8	1,461.5	381.3	181.5	898.7	400	132	263
Q3	155.2	92.6	26.7	18.2	12.1	1,463.5	385.7	186.2	891.6	392	140	248
Q4	154.9	92.0	26.8	18.2	12.2	1,478.6	383.3	176.0	919.3	384	132	245
2000 Q1	155.4	90.6	27.4	18.9	12.6	1,467.8	369.2	177.0	921.6	393	125	263
Q2	156.6	89.8	27.8	19.6	13.3	1,524.2	380.5	189.2	954.6	361	123	230
Q3	157.2	90.9	27.6	19.5	13.1	1,526.5	388.1	196.6	941.8	358	119	233
Q4	157.4	90.8	27.4	19.1	12.9	1,543.9	380.2	191.5	972.1	353	118	231
2001 Q1	156.6	90.1	27.4	19.0	12.8	N/A	N/A	N/A	N/A	347	123	221
Q2	156.6	91.1	27.3	18.5	12.4	N/A	N/A	N/A	N/A	359	121	234
% change from:												
previous Q	**0.0%**	**1.1%**	**-0.4%**	**-2.5%**	**-2.5%**	**N/A**	**N/A**	**N/A**	**N/A**	**3.5%**	**-2.1%**	**6.0%**
same Q last year	**0.0%**	**1.5%**	**-1.7%**	**-5.6%**	**-6.1%**	**N/A**	**N/A**	**N/A**	**N/A**	**-0.4%**	**-1.9%**	**1.8%**
						Monthly						
Jan-00						1,459.2	367.2	174.5	917.5	390	120	263
Feb-00						1,460.0	368.4	176.7	914.9	396	125	267
Mar-00						1,484.1	372.1	179.8	932.3	392	129	258
Apr-00						1,507.1	375.8	185.8	945.5	371	126	239
May-00						1,520.9	381.3	185.1	954.6	360	122	232
Jun-00						1,544.6	384.4	196.6	963.6	351	121	220
Jul-00						1,519.8	389.5	197.8	932.6	350	116	225
Aug-00						1,514.1	388.5	196.0	929.6	362	122	232
Sep-00						1,545.5	386.4	196.0	963.0	363	117	241
Oct-00						1,552.3	383.9	193.7	974.8	355	121	230
Nov-00						1,544.2	377.7	191.7	974.8	346	119	222
Dec-00						1,535.0	379.1	189.2	966.8	358	113	242
Jan-01						N/A	N/A	N/A	N/A	338	114	223
Feb-01						N/A	N/A	N/A	N/A	347	128	214
Mar-01						N/A	N/A	N/A	N/A	356	127	226
Apr-01						N/A	N/A	N/A	N/A	356	123	229
May-01						N/A	N/A	N/A	N/A	356	117	235
Jun-01						N/A	N/A	N/A	N/A	365	121	240
% change from:												
previous month						**N/A**	**N/A**	**N/A**	**N/A**	**2.5%**	**3.4%**	**2.2%**
same month last year						**N/A**	**N/A**	**N/A**	**N/A**	**3.9%**	**0.4%**	**8.8%**

NOTES:
* Total self-employed includes persons working in family business without pay.

(1) Source: Business Register
(2) Source: Survey of Employment, Payroll and Hours
(3) Source: Labour Force Survey

Note: Employment data from SEPH for 2001 is not yet available. Statistics Canada is in the process of converting this data to NAICS and data by business size will not be available until later this year.

Source: Statistics Canada:
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SMALL BUSINESS QUARTERLY

TABLE 2

	Business Formation Indicators			Bankruptcies	
	New BC Business Incorporations	Registrations Extraprovincial Companies	Registrations Unincorporated Businesses	Business	Consumer
	(number)			(number)	
Annual Totals					
1994	25,774	1,915	18,293	827	4,197
1995	23,846	1,966	19,279	973	4,747
1996	22,848	2,061	20,367	948	6,436
1997	22,958	2,188	19,863	895	7,366
1998	20,759	2,233	19,507	1,031	7,327
1999	21,009	2,366	20,917	1,075	8,179
2000	21,515	2,528	20,822	976	9,181
% change from:					
previous year	2.4%	6.8%	-0.5%	-9.2%	12.3%
Quarterly Totals					
1999 Q1	5,188	578	5,015	284	2,024
Q2	5,362	637	5,612	274	2,138
Q3	5,322	556	5,093	274	1,919
Q4	5,137	595	5,197	243	2,098
2000 Q1	6,011	651	5,626	250	2,354
Q2	5,471	680	5,590	243	2,350
Q3	5,044	578	5,026	251	2,216
Q4	4,989	619	4,580	232	2,261
2001 Q1	5,236	714	5,400	272	2,503
Q2	4,997	663	5,853	270	2,483
% change from:					
previous Q	-4.6%	-7.1%	8.4%	-0.7%	-0.8%
same Q last year	-8.7%	-2.5%	4.7%	11.1%	5.7%
Monthly					
Apr-00	1,513	204	1,386	70	689
May-00	2,078	258	2,273	100	779
Jun-00	1,880	218	1,931	73	882
Jul-00	1,582	188	1,575	89	733
Aug-00	1,787	193	1,527	89	771
Sep-00	1,675	197	1,924	73	712
Oct-00	1,709	234	1,755	85	858
Nov-00	1,682	219	1,444	93	822
Dec-00	1,598	166	1,381	54	581
Jan-01	1,595	221	1,426	93	773
Feb-01	1,466	225	1,952	86	818
Mar-01	2,175	268	2,022	93	912
Apr-01	1,494	196	1,887	92	744
May-01	1,842	275	2,394	90	892
Jun-01	1,661	192	1,572	88	847
% change from:					
previous month	-9.8%	-30.2%	-34.3%	-2.2%	-5.0%
same month last year	-11.6%	-11.9%	-18.6%	20.5%	-4.0%

Sources: BC Ministry of Finance and Corporate Relations, Industry Canada.

SMALL BUSINESS QUARTERLY

TABLE 3

	Interest Rates			Exchange Rate	Consumer Price Index		
	Bank Rate	Prime Rate (per cent)	Conventional 5 Year Mortgage	Canadian $ Average Noon Spot Rate (U.S.¢)	B.C.	Vancouver	Victoria
					1992=100		
Annual Averages							
1995	7.31	8.65	9.16	72.88	107.9	108.4	107.7
1996	4.53	6.06	7.93	73.34	108.9	109.2	108.7
1997	3.52	4.96	7.07	72.24	109.7	109.8	109.7
1998	5.10	6.60	6.93	67.48	110.0	110.4	110.0
1999	4.92	6.44	7.56	67.32	111.2	111.4	111.1
2000	5.77	7.27	8.35	67.34	113.3	113.9	113.0
difference from:							
previous year	0.85	0.83	0.79	N/A		N/A	
% change from:							
previous year		N/A		0.0%	1.8%	2.2%	1.7%
Quarterly Averages							
1999 Q1	5.17	6.75	6.92	66.17	110.1	110.3	110.0
Q2	4.83	6.33	7.32	67.90	111.2	111.4	111.1
Q3	4.75	6.25	7.75	67.30	112.0	112.1	111.9
Q4	4.92	6.42	8.25	67.90	111.6	111.8	111.5
2000 Q1	5.25	6.75	8.48	68.80	111.7	112.1	111.5
Q2	5.83	7.33	8.52	67.56	112.8	113.3	112.7
Q3	6.00	7.50	8.25	67.47	114.2	115.0	113.7
Q4	6.00	7.50	8.15	65.55	114.4	115.1	114.0
2001 Q1	5.58	7.08	7.58	65.47	113.5	114.4	112.5
Q2	4.83	6.33	7.67	64.89	115.6	116.3	114.8
difference from:							
previous Q	-0.75	-0.75	0.08	N/A		N/A	
same Q last year	-1.00	-1.00	-0.85				
% change from:							
previous Q		N/A		-0.9%	1.9%	1.7%	2.0%
same Q last year				-3.9%	2.5%	2.6%	1.9%
Monthly							
Apr-00	5.50	7.00	8.35	68.10	112.4	112.9	112.3
May-00	6.00	7.50	8.75	66.87	112.8	113.3	112.7
Jun-00	6.00	7.50	8.45	67.71	113.2	113.8	113.1
Jul-00	6.00	7.50	8.25	67.67	114.2	114.9	113.7
Aug-00	6.00	7.50	8.25	67.46	114.1	114.9	113.6
Sep-00	6.00	7.50	8.25	67.29	114.3	115.1	113.9
Oct-00	6.00	7.50	8.25	66.12	114.5	115.1	114.0
Nov-00	6.00	7.50	8.25	64.84	114.5	115.2	114.1
Dec-00	6.00	7.50	7.95	65.68	114.3	115.0	113.9
Jan-01	5.75	7.25	7.75	66.53	114.5	115.3	113.8
Feb-01	5.75	7.25	7.75	65.71	112.6	113.9	111.3
Mar-01	5.25	6.75	7.25	64.16	113.3	114.0	112.4
Apr-01	5.00	6.50	7.50	64.21	115.0	115.7	114.2
May-01	4.75	6.25	7.75	64.87	115.6	116.3	114.8
Jun-01	4.75	6.25	7.75	65.60	116.3	117.0	115.4
difference from:							
previous month	0.00	0.00	0.00	N/A		N/A	
same month last year	-1.25	-1.25	-0.70				
% change from:							
previous month		N/A		1.1%	0.6%	0.6%	0.5%
same month last year				-3.1%	2.7%	2.8%	2.0%

Sources: Bank of Canada, Statistics Canada.

SMALL BUSINESS QUARTERLY

TABLE 4

	Commercial Building Permits			Industrial Building Permits			Urban Housing Starts	
	B.C.	Vancouver	Victoria	B.C.	Vancouver	Victoria	B.C	Vancouver
	($,000)			($,000)				
Annual Totals								
1993	0	0	0	0	0	0	38,173	21,307
1994	0	0	0	0	0	0	34,619	20,473
1995	1,026,994	595,457	57,744	249,688	108,665	10,626	23,604	14,992
1996	1,225,837	675,541	88,661	252,646	151,875	5,499	24,744	15,453
1997	1,358,450	849,207	78,280	285,814	163,773	6,777	25,210	15,950
1998	1,311,124	810,117	76,173	273,279	160,652	15,858	17,631	11,878
1999	1,142,105	652,159	101,453	319,145	172,604	5,931	14,176	8,677
2000	1,297,270	868,865	76,834	295,525	147,574	14,763	12,353	8,203
% change from:								
previous year	**13.6%**	**33.2%**	**-24.3%**	**-7.4%**	**-14.5%**	**148.9%**	**-12.9%**	**-5.5%**
Quarterly Totals								
1998 Q1	242,540	170,981	12,321	66,397	47,375	6,817	4,067	2,880
Q2	345,884	189,811	36,755	57,163	27,264	4,232	4,957	3,318
Q3	416,912	261,252	13,048	97,057	60,509	1,566	5,291	3,489
Q4	305,788	188,073	14,049	52,662	25,504	3,243	3,316	2,191
1999 Q1	226,757	135,329	25,624	41,266	17,534	3,190	2,709	1,951
Q2	311,707	170,971	19,066	103,901	71,354	789	3,507	1,861
Q3	311,474	193,701	21,393	109,850	62,438	479	4,148	2,497
Q4	292,167	152,158	35,370	64,128	21,278	1,473	3,812	2,368
2000 Q1	310,172	243,234	10,966	60,084	20,194	1,258	2,219	1,527
Q2	363,163	205,899	30,805	83,816	44,182	6,223	3,559	2,468
Q3	336,460	218,441	17,911	78,563	41,930	364	3,310	1,989
Q4	287,475	201,291	17,152	73,062	41,268	6,918	3,265	2,219
2001 Q1	273,963	162,249	23,467	65,088	30,677	9,500	2,946	2,149
Q2	406,197	271,274	26,720	56,935	21,011	2,103	4,619	3,620
% change from:								
previous Q	**48.3%**	**67.2%**	**13.9%**	**-12.5%**	**-31.5%**	**-77.9%**	**56.8%**	**68.5%**
same Q last year	**11.8%**	**31.8%**	**-13.3%**	**-32.1%**	**-52.4%**	**-66.2%**	**29.8%**	**46.7%**
Monthly								
Apr-00	116,772	56,965	13,559	17,761	7,955	385	1,193	856
May-00	119,429	64,015	11,797	26,484	9,156	5,679	1,264	965
Jun-00	126,962	84,919	5,449	39,571	27,071	159	1,102	647
Jul-00	99,500	68,368	6,626	28,394	16,362	176	1,125	608
Aug-00	109,883	55,251	9,706	26,204	15,057	93	867	555
Sep-00	127,077	94,822	1,579	23,965	10,511	95	1,318	826
Oct-00	115,218	74,941	3,745	20,814	8,547	665	1,549	1,167
Nov-00	63,168	36,957	10,052	24,084	13,160	779	877	522
Dec-00	109,089	89,393	3,355	28,164	19,561	5,474	839	530
Jan-01	55,901	37,370	4,878	13,334	6,813	1,350	1,191	1,013
Feb-01	113,790	66,435	6,391	17,744	7,317	1,663	949	611
Mar-01	104,272	58,444	12,198	34,010	16,547	6,487	806	525
Apr-01	146,534	115,755	7,980	21,389	6,554	1,229	1,368	1,005
May-01	123,205	89,936	7,694	18,884	6,205	732	1,618	1,319
Jun-01	136,458	65,583	11,046	16,662	8,252	142	1,633	1,296
% change from:								
previous month	**10.8%**	**-27.1%**	**43.6%**	**-11.8%**	**33.0%**	**-80.6%**	**0.9%**	**-1.7%**
same month last year	**7.5%**	**-22.8%**	**102.7%**	**-57.9%**	**-69.5%**	**-10.7%**	**48.2%**	**100.3%**

Sources: Canada Mortgage and Housing, Statistics Canada.

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SMALL BUSINESS QUARTERLY

TABLE 5

	Chartered Bank Business Loans in British Columbia			
	Less than $200,000	$200,000 to $500,000	Greater than $500,000	Total
	($,000,000)			
Annual Averages				
1992	1,858	688	5,615	8,160
1993	1,802	658	4,732	7,191
1994	1,779	739	5,418	7,935
1995	1,791	1,451	9,043	12,284
1996	1,861	1,508	9,162	12,530
1997	1,985	1,724	10,081	13,790
1998	2,172	1,825	11,077	15,074
1999	2,084	1,710	10,807	14,601
2000	2,045	1,605	10,575	14,224
% change from:				
previous year	-1.9%	-6.2%	-2.1%	-2.6%
Quarterly				
1994 Q1	1,729	1,106	8,518	11,353
Q2	1,803	1,183	8,444	11,430
Q3	1,704	1,298	8,938	11,940
Q4	1,878	1,301	8,303	11,482
1995 Q1	1,694	1,413	9,268	12,375
Q2	1,779	1,457	9,047	12,283
Q3	1,832	1,462	9,020	12,314
Q4	1,859	1,471	8,835	12,165
1996 Q1	1,860	1,487	8,988	12,335
Q2	1,893	1,512	9,094	12,499
Q3	1,864	1,501	9,252	12,617
Q4	1,825	1,533	9,312	12,670
1997 Q1	1,686	1,534	9,853	13,073
Q2	2,068	1,751	9,751	13,570
Q3	2,088	1,770	10,337	14,195
Q4	2,098	1,841	10,384	14,323
1998 Q1	2,180	1,842	11,115	15,137
Q2	2,174	1,842	11,338	15,354
Q3	2,178	1,816	11,104	15,098
Q4	2,157	1,801	10,750	14,708
1999 Q1	2,128	1,792	10,908	14,828
Q2	2,108	1,735	10,975	14,818
Q3	2,080	1,686	10,876	14,642
Q4	2,020	1,627	10,467	14,114
2000 Q1	2,035	1,631	10,636	14,302
Q2	2,063	1,638	10,812	14,513
Q3	2,059	1,586	10,608	14,253
Q4	2,021	1,564	10,244	13,829
2001 Q1	1,942	1,561	10,171	13,674
Q2	1,890	1,539	9,552	12,981
% change from:				
previous Q	-2.7%	-1.4%	-6.1%	-5.1%
same Q last year	-8.4%	-6.0%	-11.7%	-10.6%

Source: Bank of Canada.

Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments Less Than $10 million

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in Jan., April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

	Balance of Opinion at the Beginning of Quarter * (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling (index)	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage (%)	Unskilled Labour Shortage
Annual Averages						
1991	14	-23	-10	17	11	1
1992	12	-11	-6	14	10	1
1993	7	2	3	17	13	1
1994	9	16	13	15	18	1
1995	9	2	4	16	16	2
1996	4	-6	-2	12	15	1
1997	3	6	4	11	15	2
1998	7	-15	-9	10	14	1
1999	6	-4	7	10	16	1
2000	7	-1	5	11	21	2
Quarterly						
1996 Q1	3	-21	-21	12	14	2
Q2	10	-6	15	15	14	0
Q3	1	-1	6	10	17	1
Q4	1	5	-9	9	14	2
1997 Q1	0	-9	-10	10	15	2
Q2	0	9	25	12	13	1
Q3	8	16	13	12	14	1
Q4	4	7	-11	8	17	3
1998 Q1	6	1	-9	9	13	0
Q2	6	-12	18	11	12	1
Q3	9	-22	-15	13	16	0
Q4	8	-25	-29	8	16	3
1999 Q1	6	-32	-20	8	12	2
Q2	5	5	29	11	14	0
Q3	8	8	21	9	14	1
Q4	4	4	-3	12	25	2
2000 Q1	4	-1	-5	10	19	1
Q2	9	13	24	11	23	2
Q3	7	-6	7	14	19	2
Q4	6	-8	-5	10	23	4
2001 Q1	7	-20	-8	11	18	2
Q2	13	-14	13	9	22	3

* **Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable.
For New Orders and Production, a positive balance of opinion is favourable.

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Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments of $10 million or More

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in Jan., April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

	Balance of Opinion at the Beginning of Quarter * (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling (index)	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage (%)	Unskilled Labour Shortage
Annual Averages						
1991	41	-29	-9	15	6	0
1992	25	-10	-7	19	2	0
1993	30	2	3	10	3	0
1994	18	12	6	8	6	0
1995	17	1	-1	6	5	0
1996	30	-7	-7	6	3	0
1997	29	0	4	5	3	0
1998	37	-26	-7	8	3	0
1999	18	3	6	7	4	0
2000	20	1	3	4	7	2
Quarterly						
1996 Q1	37	-29	-12	8	2	0
Q2	33	-14	-3	8	7	0
Q3	29	10	-2	6	1	0
Q4	21	7	-10	2	1	0
1997 Q1	31	-6	-1	5	1	0
Q2	31	4	15	4	4	0
Q3	24	7	13	6	4	0
Q4	28	-4	-13	6	3	0
1998 Q1	42	-33	-22	7	2	0
Q2	34	-9	1	8	4	0
Q3	33	-33	-2	11	3	0
Q4	38	-30	-4	6	2	1
1999 Q1	25	-24	-4	4	2	0
Q2	22	2	8	12	2	0
Q3	14	23	18	5	5	0
Q4	11	12	0	7	6	0
2000 Q1	14	13	8	5	10	3
Q2	24	11	10	5	10	3
Q3	29	-12	2	1	2	0
Q4	11	-7	-8	5	5	0
2001 Q1	32	-26	-12	3	6	0
Q2	38	-42	-3	5	8	0

*** Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable.
For New Orders and Production, a positive balance of opinion is favourable.

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